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Before the U.S. House Government Reform Subcommittee on National Security, Emerging Threats
and International Relations

Private Security Firms: Standards, Cooperation and Coordination on the Battlefield

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Mr. Chairman and Members of the Subcommittee:

Thank you for the opportunity to discuss U.S. government regulation of private security contractors on the battlefield.

I was Triple Canopy’s CEO until December 2005 and now serve on the company’s Board of Directors. Before joining Triple Canopy, I was the Command Sergeant Major for the U.S. Army’s 1st Special Forces Operational Detachment-Delta (Delta Force) and have over two decades of experience in Special Forces units. I supervised the construction of one of the first military compounds on Bagram Airfield, Afghanistan, in January 2002 and filled in as a forward-deployed detachment commander during Operation Iraqi Freedom.

Today, I will tell you a little bit about Triple Canopy, our culture and our experiences providing protective services in Iraq. Finally, I will share my perspective on government regulation of private security contractors who serve on the battlefield.

Background

Triple Canopy was founded in 2003 by U.S. Army Special Forces veterans to provide integrated security solutions to the U.S. government and private corporations. We develop and sustain secure operational environments for our clients by integrating security, communications, logistics, training, medical and life-support services. We provide services worldwide and have employees in Africa, Asia, the Middle East and the U.S.

We provide protective services in extremely hostile environments throughout Iraq. In all of our contracts, Triple Canopy strives to provide the best possible service at a fair and reasonable price. All of Triple Canopy’s U.S. government contracts are and have been firm-fixed-price agreements that were competitively awarded. Under a firm-fixed-price contract, Triple Canopy assumes all risks for unforecasted increases in company costs and wartime losses.

Triple Canopy has a unique do-the-right-thing culture. We are dedicated to legal, moral and ethical behavior and business practices. We firmly believe that honesty and integrity in all we do best serves our clients, employees and society—in whichever country we

operate. Triple Canopy is committed to setting the standard for ethical conduct within the industry and strives to be a good neighbor in the U.S. and abroad.

Triple Canopy's success stems from our commitment to maintaining high standards for safety, recruiting, training and retention.

Since the commencement of our operations, Triple Canopy has achieved the fewest reported incidents, injuries and casualties of any security company providing protective services on a comparable scale in Iraq. We believe in hiring only highly experienced and professional personnel, providing them with thorough and relevant training prior to deployment and then holding them accountable to high standards. This is critical not only to the operational successes of our clients but also to employee satisfaction and retention. Good people like to serve along with good people.

Triple Canopy's 85% retention rate for protective security specialists is one of the highest in the industry. One of the ways we reinforce our do-the-right-thing culture is by doing the right thing for our employees. Our protective security specialists, managers, and guards are hired as intermittent employees, not independent contractors. As a result, they qualify for company benefits, including health insurance and a 401(k). In addition, U.S. and state taxes are taken out of their pay.

Triple Canopy is a proud employer of third-country nationals who are also intermittent employees and part of the Triple Canopy family. As intermittent employees, Triple Canopy pays for their health and life insurance as required by the U.S. Defense Base Act. They also receive incentive bonuses. Triple Canopy promotes from within, encourages professional development and provides supervisor training to employees that have provided excellent performance.

Roles and Missions of Private Security Contractors on the Battlefield

Boiled down to its essence, our mission is to protect lives. Our services include personal security details, fixed-site security, threat assessments and counterterrorism training. Our missions are defensive in nature and require intensive training and advance preparation. In Iraq, we provide protective services to the Department of State, Department of Defense, U.S. Agency for International Development and private corporations.

Legal and Regulatory Controls

As are my colleagues', Triple Canopy's security team in Iraq is subject to several U.S. laws, including the Anti-Torture Act, Defense Base Act, Foreign Corrupt Practices Act, Military Extraterritorial Jurisdiction Act (MEJA), Victims of Trafficking and Violence Protection Act and War Crimes Act of 1996.

In Iraq, private security companies are regulated by CPA Memorandum 17, a rule enacted under the Coalition Provisional Authority. Memorandum 17 requires private security companies to obtain a license from the Iraq Ministry of Interior (MoI) and Ministry of Trade (MoT). The memorandum also includes rules governing the use of "necessary force" in self defense when required to prevent life-threatening offenses against civilians. Triple Canopy is registered as a security provider with the Iraq MoI and MoT. As a condition of obtaining the license, Triple Canopy has posted a \$25,000 refundable bond with the MoI and has an Iraq lawyer on retainer.



Triple Canopy's standards of performance are spelled out in our contracts and may include requirements for the screening and vetting of guards, security clearances, training, equipment and billing documentation. They also include penalties for non-compliance with contract terms, which may include fines.

Triple Canopy is also subject to various policies and directives issued by the military for contractors providing support in hostile areas. Some of these apply to all U.S. contractors that operate in a hostile area. These include travel and movement in and out of particular countries, and other policies apply to the company by virtue of its services, such as "Rules on the Use of Force" briefings that must be given to U.S. contractor personnel that will be permitted to carry weapons.

Another area of law frequently applied to the company is export law, including the Export Administration Regulations (EAR) and the International Traffic in Arms Regulation (ITAR). Not unexpectedly, the company often must move goods and equipment that are restricted under U.S. law, and the company must take steps to ensure that the proper approvals are received. The company has an efficient and thorough logistics system in place to ensure that it complies with U.S. export law requirements.

A final example of applicable law includes both state and federal firearms licensing and permitting. These laws also apply primarily to operations that the company conducts in the U.S., such as its security assessment work and its training programs. For example, the company frequently must train its personnel on weapons specified by the U.S. government under a government contract, only to find that, under federal law, it cannot obtain a permit to own such weapons. Instead, it must rent these weapons from third parties with proper licenses for far more than it would cost the company to own and maintain them itself. This results in the U.S. government being charged more by the company under the government contract. I believe it would benefit both the industry and the U.S. government to reassess federal law in this area so that companies such as Triple Canopy can use these specialized weapons for training purposes. At this very moment, the U.S. government is paying additional money for their own mandated training requirements due to the application of outdated laws onto a new industry that is providing critical services in support of government needs. As the government continues to assess and address security needs, whether they be port security, nuclear power plant security or other needs, private industries will be in need of qualified sources of training. And without necessary changes, these training needs could be delayed or even prevented by laws that do not meet the demands of a post-9/11 world.

Industry Standards

Every company has different standards. Legal, moral and ethical business practices are the foundation of Triple Canopy's success. Triple Canopy's Canon of Ethics and Code of Conduct provide strict, measurable guidelines for all Triple Canopy employees. Our security professionals adhere to an additional set of guidelines unique to the profession.

Risk-management processes also vary widely among companies. Triple Canopy has rigorous procedures for assessing risks and implementing mitigating measures to reduce risks.

Hiring Standards

Hiring standards vary widely within the industry. Triple Canopy's recruiting and screening standards are among the industry's most stringent.



Triple Canopy requires a minimum of four years of experience in military special operations assignments or four years of advanced police experience, current shooting skills and excellent health and physical fitness. Our dedicated recruiting team conducts thorough phone interviews and checks multiple references, not from friends or peers, but from former supervisors of each candidate. We also conduct criminal and credit checks. We require strong performance, leadership skills, maturity, teamwork and a constant focus on safety and customer service.

Once candidates arrive at Triple Canopy's training site, the screening process continues with drug tests and a physical fitness test. We also conduct a comprehensive battery of psychometric evaluations, including the Profile XT, Wonderlic Personality Test, Short Employment Test Battery and Inwald Personality Inventory. Using our proprietary success-profile data, we have been able to identify those candidates with the highest likelihood of training success and operational performance. This unique proprietary tool gives us a distinct advantage over industry peers in the ability to deploy quality personnel.

As a testament to our best-in-class recruiting practices, Triple Canopy was the only private security company selected to describe its screening process at a recent international conference in Zurich, Switzerland, sponsored by the Swiss government and the International Committee of the Red Cross.

Triple Canopy does not target active-duty units during our recruiting process.

Training Standards

Triple Canopy recruits receive training in defense tactics, advanced marksmanship, high-threat driving and the local escalation-of-force rules of engagement.

Our training produces highly capable operators who are prepared to perform demanding tasks in challenging, high-risk environments. Our instructors include Tier One U.S. Special Operations personnel with extensive and recent experience conducting security operations in high-threat environments worldwide.

We fully realize the grave responsibility of fielding protective details and will not compromise the safety of our clients by fielding anything less than the most qualified personnel, using our standards. Triple Canopy's rigorous training program has an attrition rate of up to 30% among an already highly screened pool of students. This level of selectivity is reflective of our uncompromising standards for performance, ethics, suitability for assignment to high-threat areas, aptitude, and demonstration of positive attitude and work ethic. I believe the quality and thoroughness of our recruiting and training within Triple Canopy is a major, contributing factor to our successes and safety record.

Challenges on the Battlefield

Coordination and communication between private security companies and the U.S. military in Iraq is essential. Triple Canopy is a member of the Private Security Company Association of Iraq (PSCAI), which has established formal communication channels between private security companies and the local U.S. military Commanders in Iraq as well as various Iraqi ministries. Additionally, Triple Canopy has fostered informal lines of communication with the U.S. military in Iraq.



Need for Government Regulations

Maintaining rigorous hiring and training standards is the only way to reduce performance problems in the field.

Triple Canopy strongly endorses the establishment of U.S. regulations setting standards for the hiring and training of protective security specialists who support critical government missions on the battlefield. We are all for establishing standards and holding people to them. Substandard recruitment and training creates an environment for poor-quality security and potentially increases the threat level on the battlefield. Regulations need to be strong enough to readily identify substandard performers.

And finally, private contractors should never provide offensive combat operations. Triple Canopy supports Part 37.109 of the FAR (Federal Acquisition Regulations), which prohibits the government from contracting with organizations that offer quasi-military armed forces for hire.

Thank you for your time and the opportunity to testify this morning. I look forward to answering any questions.

